



General Assembly

January Session, 2011

Raised Bill No. 6414

LCO No. 3473

03473_____PD_

Referred to Committee on Planning and Development

Introduced by:
(PD)

***AN ACT RETURNING A PORTION OF THE SALES TAX FOR
REGIONALISM INITIATIVES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of section 12-408 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2011, and applicable to sales occurring on or after said date*):

4 (1) For the privilege of making any sales, as defined in subdivision
5 (2) of subsection (a) of section 12-407, at retail, in this state for a
6 consideration, a tax is hereby imposed on all retailers at the rate of six
7 and one-quarter per cent of the gross receipts of any retailer from the
8 sale of all tangible personal property sold at retail or from the
9 rendering of any services constituting a sale in accordance with
10 subdivision (2) of subsection (a) of section 12-407, except, in lieu of said
11 rate of six and one-quarter per cent, (A) at a rate of twelve per cent
12 with respect to each transfer of occupancy, from the total amount of
13 rent received for such occupancy of any room or rooms in a hotel or
14 lodging house for the first period not exceeding thirty consecutive
15 calendar days, (B) with respect to the sale of a motor vehicle to any
16 individual who is a member of the armed forces of the United States

17 and is on full-time active duty in Connecticut and who is considered,
18 under 50 App USC 574, a resident of another state, or to any such
19 individual and the spouse thereof, at a rate of four and one-half per
20 cent of the gross receipts of any retailer from such sales, provided such
21 retailer requires and maintains a declaration by such individual,
22 prescribed as to form by the commissioner and bearing notice to the
23 effect that false statements made in such declaration are punishable, or
24 other evidence, satisfactory to the commissioner, concerning the
25 purchaser's state of residence under 50 App USC 574, (C) (i) with
26 respect to the sales of computer and data processing services occurring
27 on or after July 1, 1997, and prior to July 1, 1998, at the rate of five per
28 cent, on or after July 1, 1998, and prior to July 1, 1999, at the rate of four
29 per cent, on or after July 1, 1999, and prior to July 1, 2000, at the rate of
30 three per cent, on or after July 1, 2000, and prior to July 1, 2001, at the
31 rate of two per cent, on or after July 1, 2001, at the rate of one per cent,
32 (ii) with respect to sales of Internet access services, on and after July 1,
33 2001, such services shall be exempt from such tax, (D) with respect to
34 the sales of labor that is otherwise taxable under subparagraph (C) or
35 (G) of subdivision (2) of subsection (a) of section 12-407 on existing
36 vessels and repair or maintenance services on vessels occurring on and
37 after July 1, 1999, such services shall be exempt from such tax, (E) with
38 respect to patient care services for which payment is received by the
39 hospital on or after July 1, 1999, and prior to July 1, 2001, at the rate of
40 five and three-fourths per cent and on and after July 1, 2001, such
41 services shall be exempt from such tax. The rate of tax imposed by this
42 chapter shall be applicable to all retail sales upon the effective date of
43 such rate, except that a new rate which represents an increase in the
44 rate applicable to the sale shall not apply to any sales transaction
45 wherein a binding sales contract without an escalator clause has been
46 entered into prior to the effective date of the new rate and delivery is
47 made within ninety days after the effective date of the new rate. For
48 the purposes of payment of the tax imposed under this section, any
49 retailer of services taxable under subparagraph (I) of subdivision (2) of
50 subsection (a) of section 12-407, who computes taxable income, for

51 purposes of taxation under the Internal Revenue Code of 1986, or any
 52 subsequent corresponding internal revenue code of the United States,
 53 as from time to time amended, on an accounting basis which
 54 recognizes only cash or other valuable consideration actually received
 55 as income and who is liable for such tax only due to the rendering of
 56 such services may make payments related to such tax for the period
 57 during which such income is received, without penalty or interest,
 58 without regard to when such service is rendered.

59 Sec. 2. Subdivision (3) of section 12-408 of the general statutes is
 60 repealed and the following is substituted in lieu thereof (*Effective*
 61 *October 1, 2011*):

62 (3) For the purpose of adding and collecting the tax imposed by this
 63 chapter, or an amount equal as nearly as possible or practicable to the
 64 average equivalent thereof, by the retailer from the consumer the
 65 following bracket system shall be in force and effect as follows:

T1	Amount of Sale	Amount of Tax
T2	\$0.00 to [\$0.08] <u>\$0.07</u> inclusive	No Tax
T3	[.09 to .24] <u>0.08 to 0.23</u> inclusive	1 cent
T4	[.25 to .41] <u>.24 to .39</u> inclusive	2 cents
T5	[.42 to .58] <u>.40 to .55</u> inclusive	3 cents
T6	[.59 to .74] <u>.56 to .71</u> inclusive	4 cents
T7	[.75 to .91] <u>.72 to .87</u> inclusive	5 cents
T8	[.92 to 1.08] <u>.88 to 1.03</u> inclusive	6 cents
T9	<u>1.04</u> beyond	<u>6.25 cents</u>

66 On all sales above [~~\$1.08~~] \$1.04, the tax shall be computed at the rate
 67 of six and one-quarter per cent.

68 Sec. 3. Subdivision (1) of section 12-411 of the general statutes is
 69 repealed and the following is substituted in lieu thereof (*Effective*
 70 *October 1, 2011*):

71 (1) An excise tax is hereby imposed on the storage, acceptance,
 72 consumption or any other use in this state of tangible personal

73 property purchased from any retailer for storage, acceptance,
74 consumption or any other use in this state, the acceptance or receipt of
75 any services constituting a sale in accordance with subdivision (2) of
76 subsection (a) of section 12-407, purchased from any retailer for
77 consumption or use in this state, or the storage, acceptance,
78 consumption or any other use in this state of tangible personal
79 property which has been manufactured, fabricated, assembled or
80 processed from materials by a person, either within or without this
81 state, for storage, acceptance, consumption or any other use by such
82 person in this state, to be measured by the sales price of materials, at
83 the rate of six and one-quarter per cent of the sales price of such
84 property or services, except, in lieu of said rate of six and one-quarter
85 per cent, (A) at a rate of twelve per cent of the rent paid for occupancy
86 of any room or rooms in a hotel or lodging house for the first period of
87 not exceeding thirty consecutive calendar days, (B) with respect to the
88 storage, acceptance, consumption or use in this state of a motor vehicle
89 purchased from any retailer for storage, acceptance, consumption or
90 use in this state by any individual who is a member of the armed
91 forces of the United States and is on full-time active duty in
92 Connecticut and who is considered, under 50 App USC 574, a resident
93 of another state, or to any such individual and the spouse of such
94 individual at a rate of four and one-half per cent of the sales price of
95 such vehicle, provided such retailer requires and maintains a
96 declaration by such individual, prescribed as to form by the
97 commissioner and bearing notice to the effect that false statements
98 made in such declaration are punishable, or other evidence,
99 satisfactory to the commissioner, concerning the purchaser's state of
100 residence under 50 App USC 574, (C) with respect to the acceptance or
101 receipt in this state of labor that is otherwise taxable under
102 subparagraph (C) or (G) of subdivision (2) of subsection (a) of section
103 12-407 on existing vessels and repair or maintenance services on
104 vessels occurring on and after July 1, 1999, such services shall be
105 exempt from such tax, (D) (i) with respect to the acceptance or receipt
106 in this state of computer and data processing services purchased from

107 any retailer for consumption or use in this state occurring on or after
108 July 1, 1997, and prior to July 1, 1998, at the rate of five per cent of such
109 services, on or after July 1, 1998, and prior to July 1, 1999, at the rate of
110 four per cent of such services, on or after July 1, 1999, and prior to July
111 1, 2000, at the rate of three per cent of such services, on or after July 1,
112 2000, and prior to July 1, 2001, at the rate of two per cent of such
113 services, on and after July 1, 2001, at the rate of one per cent of such
114 services, and (ii) with respect to the acceptance or receipt in this state
115 of Internet access services, on or after July 1, 2001, such services shall
116 be exempt from tax, (E) with respect to the acceptance or receipt in this
117 state of patient care services purchased from any retailer for
118 consumption or use in this state for which payment is received by the
119 hospital on or after July 1, 1999, and prior to July 1, 2001, at the rate of
120 five and three-fourths per cent and on and after July 1, 2001, such
121 services shall be exempt from such tax.

122 Sec. 4. Subdivision (3) of section 12-414 of the general statutes is
123 repealed and the following is substituted in lieu thereof (*Effective*
124 *October 1, 2011, and applicable to sales occurring on or after said date*):

125 (3) For purposes of the sales tax the return shall show the gross
126 receipts of the seller during the preceding reporting period. For
127 purposes of the use tax, in case of a return filed by a retailer, the return
128 shall show the total sales price of the services or property sold by him,
129 the storage, acceptance, consumption or other use of which became
130 subject to the use tax during the preceding reporting period; in case of
131 a return filed by a purchaser, the return shall show the total sales price
132 of the service or property purchased by him, the storage, acceptance,
133 consumption or other use of which became subject to the use tax
134 during the preceding reporting period. The return shall also show the
135 amount of the taxes for the period covered by the return in such
136 manner as the commissioner may require and such other information
137 as the commissioner deems necessary for the proper administration of
138 this chapter. The Commissioner of Revenue Services is authorized in
139 his discretion, for purposes of expediency, to permit returns to be filed

140 in an alternative form wherein the person filing the return may elect to
 141 report his gross receipts, including the tax reimbursement to be
 142 collected as provided for herein, as a part of such gross receipts or to
 143 report his gross receipts exclusive of the tax collected in such cases
 144 where the gross receipts from sales have been segregated from tax
 145 collections. In the case of the former, ninety-four and [three-tenths]
 146 one-tenths per cent of such gross income may be considered to be the
 147 gross receipts from sales exclusive of the taxes collected thereon.

148 Sec. 5. (NEW) (*Effective October 1, 2011*) (a) As used in this section:
 149 (1) "Municipality" means any town, city, borough, consolidated town
 150 and city or consolidated town and borough; and (2) "population" for
 151 each municipality means that enumerated in the most recent federal
 152 decennial census of population or that enumerated in the most recent
 153 current population report series issued by the United States
 154 Department of Commerce, Bureau of the Census available on January
 155 first of the fiscal year prior to the fiscal year in which payment is to be
 156 made pursuant to subsection (b) of this section, whichever is most
 157 recent.

158 (b) The Commissioner of Revenue Services shall segregate one-
 159 quarter of one per cent of the taxes collected from the sales and use
 160 taxes imposed pursuant to chapter 219 of the general statutes. The
 161 commissioner shall return such taxes collected pro rata to each
 162 regional council of governments organized under the provisions of
 163 sections 4-124i to 4-124p, inclusive, of the general statutes, on the basis
 164 of the ratio of the population of the municipalities within such regional
 165 council of governments to the population of the state. Moneys received
 166 by a regional council of governments under this section shall be used
 167 to promote regionalism initiatives, including, but not limited to,
 168 regional economic development and cooperative programs and
 169 agreements.

This act shall take effect as follows and shall amend the following sections:
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Section 1	<i>October 1, 2011, and applicable to sales occurring on or after said date</i>	12-408(1)
Sec. 2	<i>October 1, 2011</i>	12-408(3)
Sec. 3	<i>October 1, 2011</i>	12-411(1)
Sec. 4	<i>October 1, 2011, and applicable to sales occurring on or after said date</i>	12-414(3)
Sec. 5	<i>October 1, 2011</i>	New section

Statement of Purpose:

To promote regionalism initiatives.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]